

Message Text

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ACTION EUR-12

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L-03 NSAE-00 PA-01 SP-02 SS-15 NSCE-00 SSO-00
ICAE-00 INRE-00 SIL-01 LAB-04 TRSE-00 OMB-01
AID-05 EB-08 /082 W
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O R 101628Z AUG 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC IMMEDIATE 6667
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY MADRID
AMCONSUL OPORTO
AMEMBASSY OSLO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
USMISSION USNATO
USMISSION USUN NEW YORK
AMEMBASSY VIENNA
DIA WASH DC
CINCLANT NORFOLK VA
USCINCEUR VAIHINGEN GER
USNMR SHAPE BEL
COMUSFORAZ
USDOCSOUTH NAPLES IT

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USEEC ALSO FOR EMBASSY; USDOCSOUTH FOR INTAF

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E.O. 11652: GDS
TAGS: PINT PGOV PO
SUBJ: EANES NAMES NOBRE DA COSTA PRIME MINISTER

REF: LISBON 5931 (NOTAL)

SUMMARY: PRESIDENT EANES DESIGNATED ENGINEER ALFREDO JORGE NOBRE

DA COSTA, AN INDEPENDENT, AS PRIME MINISTER AUGUST 9. THE PRIME MINISTER DESIGNATE IS A TECHNOCRAT WITH PREVIOUS GOVERNMENT EXPERIENCE AS MINISTER OF INDUSTRY. INITIAL PARTY REACTION TO THE DESIGNATION WAS MIXED. END SUMMARY.

1. WHITE SMOKE FROM BELEM: PRESIDENT EANES AUGUST 9 DESIGNATED ENGINEER ALFREDO JORGE NOBRE DA COSTA, 55, AS PRIME MINISTER. EANES HAD CALLED IN PARTY DELEGATIONS IN THE AFTERNOON TO INFORM THEM OF HIS DECISION. PRESIDENTIAL HOUSEHOLD ADVISER HENRIQUE GRANADEIRO BROADCAST A PRESIDENTIAL COMMUNIQUE IN THE EVENING ANNOUNCING THE CHOICE AND URGING THE PARTIES TO COOPERATE "IN THE NATIONAL INTEREST" TO REDUCE THE TIME FOR NEGOTIATIONS LEADING TO THE CONSTITUTION OF THE THIRD CONSTITUTIONAL GOVERNMENT.

2. BIOGRAPHIC INFORMATION: NOBRE DA COSTA, CONSIDERED A COMPETENT INDUSTRIAL MANAGER, IS A GRADUATE IN MECHANICAL ENGINEERING OF THE LISBON INSTITUTE OF TECHNOLOGY AND IMPERIAL COLLEGE OF LONDON. HE SPENT HIS EARLY CAREER WITH PORTUGAL'S NATIONAL STEEL CORPORATION, RISING TO THE POSITION OF ASSISTANT GENERAL DIRECTOR. IN 1964 HE FOUNDED HIS OWN CONSULTING SERVICE AND IN 1972 WAS NAMED ADMINISTRATIVE DIRECTOR OF SACOR, PORTUGAL'S ONLY GASOLINE REFINER AND LARGEST DISTRIBUTOR. IN THE JANUARY 76 RESHUFFLING OF THE SOCIALIST-DOMINATED SIXTH PROVISIONAL GOVERNMENT, NOBRE DA COSTA WAS NAMED SECRETARY

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OF STATE FOR HEAVY INDUSTRY. ON MARCH 25, 1977, AGAIN IN A CABINET RESHUFFLE, HE WAS NAMED MINISTER OF INDUSTRY. WITH THE FALL OF THE FIRST CONSTITUTIONAL GOVERNMENT IN DECEMBER, 1977, HE RETURNED TO HIS CONSULTING BUSINESS. NOBRE DA COSTA IS KNOWN AS A TECHNOCRAT WHO IS NOT AFRAID TO MAKE DECISIONS. HE IS QUOTED AS SAYING, "IT IS BETTER TO MAKE TEN DECISIONS AND BE WRONG IN THREE, THAN TO MAKE NO DECISIONS AT ALL". SOME HAVE DESCRIBED HIM AS AN IMPLACABLE MAN WHO DOES WHAT MUST BE DONE WITHOUT HESITATION AND AMBIGUITIES. IT IS ALSO SAID THAT NOBRE DA COSTA RECOGNIZES HIS MISTAKES AND IS OPEN TO OTHER OPINIONS. HE GUARDS HIS PRIVATE LIFE CAREFULLY AND ENJOYS GOLF, READING, AND MUSIC.

3. REACTIONS: INITIAL PARTY REACTIONS TO THE ANNOUNCEMENT WERE MIXED:

--PS: MARIO SOARES SAID THE PRESIDENT HAD ONLY INFORMED THE PS AUG 9 OF HIS CHOICE; THE PS HAD NOT BEEN CONSULTED ABOUT NOBRE DA COSTA IN ADVANCE SOARES ALSO ADDED THAT IT APPEARED TO HIM THAT THE PRESIDENT HAD NOT RESPECTED ARTICLE 190 OF THE CONSTITUTION WHICH CALLS FOR THE PRESIDENT TO TAKE ELECTION RESULTS INTO ACCOUNT WHEN NAMING A PRIME

MINISTER. (SOARES INTERPRETS THE ARTICLE TO IMPLY THAT A PRIME MINISTER SHOULD HAVE BEEN CHOSEN FROM THE PS, THE LARGEST PARTY IN THE ASSEMBLY.)

--PSD: DESPITE PREVIOUS SUPPORT FOR A MORE ACTIVE PRESIDENTIAL ROLE IN THE GOVERNMENT, PSD PRESIDENT SA CARNEIRO WAS CIRCUMSPECT IN HIS COMMENTS ON THE NOBRE DA COSTA DESIGNATION. THE PSD WAS NOT INTERESTED IN PARTICIPATING IN THE GOVERNMENT, HE SAID, NOR WOULD IT DO SO WITHOUT NEW ELECTIONS. PERHAPS REFLECTING A CONCERN THAT THE PSD MIGHT BE LEFT OUT OF A NEW PS/CDS AGREEMENT ON THE GOVERNMENT, SA CARNEIRO SAID THE SURVIVAL OF THE GOVERNMENT WOULD DEPEND ON ITS PROGRAM AND PERFORMANCE, "NOT ON PARTY ACCORDS WHICH MIGHT FOLLOW."
--CDS: CDS PRESIDENT FREITAS DO AMARAL SAID "THE PRESIDENT MADE A GOOD
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CHOICE..WE CONSIDER NOBRE DA COSTA BY HIS REPUTATION, HIS BACKGROUND, AND HIS EXPERIENCE TO MEET THE EXPECTATIONS WE HAVE FOR A PRIME MINISTER. THE CDS SEES NO OBJECTIONS TO SUPPORTING THE NEXT GOVERNMENT."

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--PCP: IMMEDIATELY AFTER BEING INFORMED OF THE PRESIDENT'S
DECISION, PCP SECRETARY GENERAL ALVARO CUNHAL REFUSED TO COMMENT ON
THE PRIME MINISTER-DESIGNATE, STATING ONLY THAT "PORTUGAL'S
DEMOCRACY IS GOING TO SURVIVE, THE PORTUGUESE PEOPLE WILL CONTINUE TO
DEFEND DEMOCRACY, WE WILL LIVE IN LIBERTY AND DEMOCRACY."
IN A LATER COMMUNIQUE, THE PCP POLITICAL COMMITTEE STATED,
"THE DESIGNATED PRIME MINISTER DOES NOT HAVE THE
CHARACTERISTICS WHICH THE PCP BELIEVES NECESSARY TO RESOLVE
THE CRISIS. FROM NOBRE DA COSTA'S RECORD AS MINISTER OF INDUSTRY
WE HAVE LEGITIMATE AND SERIOUS RESERVATIONS." HOWEVER,
THE PCP STOPPED SHORT OF FRONTAL OPPOSITION, STATING THAT
IT WOULD WAIT TO SEE HOW THE PRIME MINISTER ACTS, HIS
CHOICE OF MINISTERS AND THE PROGRAM OF THE GOVERNMENT.
MEANWHILE, THE COMMUNIST-DOMINATED CENTRAL LABOR SYNDICATE
(CGTP) STRONGLY CRITICIZED THE CHOICE AND SAID THAT THE
WORKERS HAVE NO REASONS TO HAVE ANY ILLUSIONS ABOUT THE
GOVERNMENT.

--UDP: ACACIO BARREIRO SAID THE NEW PRIME MINISTER
"DID NOT CORRESPOND TO THE ANTI-FASCIST PROFILE WHICH
THE UDP HAD SUGGESTED. THE UDP HAS NO ILLUSIONS ABOUT
THE NEW GOVERNMENT. WE HOPE THAT THIS GOVERNMENT WILL BE
TRANSITIONAL AND WILL LAST NO LONGER THAN THE SIX MONTHS
NECESSARY TO HOLD NEW ELECTIONS."

4. COMMENT: PRESIDENT EANES, IN NAMING NOBRE DA COSTA AS
PRIME MINISTER, TOOK THE COUNTRY BY SURPRISE. HE KEPT
THE CHOICE CLOSE TO HIS CHEST, AND HAD EVEN LEAKED STALKING

HORSES, SUCH AS LOUREIRO DOS SANTOS AND OTHERS IN ORDER TO PROTECT HIS REAL INTENTIONS (REFTEL). WE BELIEVE, IN FACT, THAT NOBRE DA COSTA WAS NOT PRESENTED TO THE PS AND THE OTHER PARTIES AS A POSSIBLE CHOICE EVEN AS LATE AS AUGUST 8.

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5. NOBRE DA COSTA'S RELATIONSHIPS WITH THE EMBASSY HAVE BEEN FRIENDLY, BUT ALWAYS SOMEWHAT DISTANT AND CORRECT. HE WAS PARTICULARLY HELPFUL IN INITIATING DISCUSSIONS ON A SOLUTION FOR THE ITT INVESTMENT PROBLEMS. WE ANTICIPATE THAT HE WILL, IN ACCORDANCE WITH HIS BELIEF IN THE NEED FOR INCREASED FOREIGN INVESTMENT, DEAL EFFECTIVELY WITH MAJOR FOREIGN COMPANIES.

6. IF HE MAINTAINS THE ATTITUDES HE DEMONSTRATED AS SECRETARY OF STATE AND AS MINISTER DURING PREVIOUS GOVERNMENTS, HE WILL ATTEMPT AN ACTIVIST PROGRAM, INCLUDING IMPLEMENTATION OF THE IMF AGREEMENT. INDEED, ONE OF THE REASONS HE REFUSED TO PARTICIPATE IN THE SECOND CONSTITUTIONAL GOVERNMENT WAS HIS FEELING THAT HE LACKED SUFFICIENT POWER TO TAKE THE ACTIONS HE DEEMED NECESSARY. HE WOULD PROBABLY LIKE TO RESOLVE OUTSTANDING INVESTMENT PROBLEMS, PROCEED WITH IMPLEMENTATION OF THE COMPENSATION LAW FOR NATIONALIZED COMPANIES, ADOPT A FIRM ATTITUDE TOWARD LABOR DEMANDS, AND PERHAPS ATTEMPT TO INSTILL GREATER DISCIPLINE WITHIN THE PUBLIC ADMINISTRATIVE AND ENTREPRENEURIAL SECTORS.

7. AN ECONOMIC PROGRAM OF THIS TYPE WOULD REQUIRE STRONG PARTY SUPPORT. SO FAR, ONLY THE CONSERVATIVE CDS HAS SHOWN A CLEAR WILLINGNESS TO PROVIDE IT. MUCH OF THE PS ELECTORATE WOULD OPPOSE MEASURES OF THIS TYPE, AND THE PSD HAS NOT YET SEEN WHAT IT STANDS TO GAIN.
BLOOMFIELD

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